
FINANCIAL SERVICES REPUBLICAN MORNING CLIPS 1.13.2010

Wall Street Journal: "Bernanke Challenged on Rates' Role in Bust ... Federal Reserve Chairman Ben Bernanke says low interest rates engineered by the Fed in the early 2000s aren't to blame for the housing boom and bust. But he hasn't convinced fellow economists."

Wall Street Journal: "SEC to Name Investigative Chiefs ... The Securities and Exchange Commission is set to name chiefs for five new specialized investigative units, advancing a key aspect of the agency's effort to rebuild its enforcement program."

Wall Street Journal: "Analysts Predict Revenue Slump at Banks ... Analysts are cautioning that fourth-quarter investment banking earnings suffered a significant "early Christmas" slowdown on the back of falling fixed-income revenues. The warnings come just days before the start of the financial sector's reporting season."

Wall Street Journal: "FDIC Moves to Tie Fees to Bank Pay ... The Federal Deposit Insurance Corp.'s board narrowly agreed to start the process to impose higher fees on U.S. banks whose compensation plans encourage risky behavior that could threaten the bank's solvency."

Wall Street Journal: "Even if 'Beige Book' Is Bullish, the Fed Isn't ... Those looking to Wednesday's "beige book" report for clear signs of a turning point in the Federal Reserve's interest-rate policy might end up disappointed."

Wall Street Journal: "Businesses Criticize Cast of Inquiry Panel ... A congressional commission examining the causes of the financial crisis is drawing fire even before its first public hearing gets under way Wednesday, with business interests complaining that some panel members' ties to a major plaintiffs law firm could aid litigants seeking to sue financial firms."

Wall Street Journal: "The Geithner AIG Story ... Timothy Geithner is back in piñata mode, with House Oversight Chairman Edolphus Towns asking him to testify next week about bailout giant AIG. By all means Members should swing away at the Treasury Secretary, but only if they focus on the right questions."

Wall Street Journal: "Bashing Bankers Is a Political Duty ... If you would know why bankers are enjoying a large and controversial deluge of annual bonuses, look no further than the monthly report of the New York State Comptroller's Office."

Wall Street Journal: "Obama and the 'Fat Cat Bankers' ... President Obama said last month on "60 Minutes" that he "did not run for office to be helping out a bunch of fat cat bankers on Wall Street." This assertion may mollify his constituents, but it is not consistent with his administration's own policies."

Wall Street Journal: "Bring Back Glass-Steagall ... Last month, Sens. Maria Cantwell and John McCain proposed a measure that would revive parts of the old Glass-Steagall Act, the 1933 law that separated investment from commercial banking. After having been diluted many times over the years, Glass-Steagall was largely repealed in 1999, permitting a wave of consolidation in the financial industry."

Washington Post: "Obama plans fee on financial firms to recover TARP money ... President Obama will announce on Thursday a plan to impose a new fee on the nation's biggest financial firms in what officials say will be a years-long effort to recoup the government money used to bail out those institutions, a senior administration official said Tuesday night."

Washington Post: "FDIC pushes to rein in executive pay at banks ... The Federal Deposit Insurance Corp. advanced a proposal Tuesday to penalize banks for risky compensation practices despite public opposition from other federal banking agencies, exposing tensions among senior officials over the government's proper role in shaping pay practices."

Washington Post: "U.S. probing 15 FHA lenders on failed loans ... Federal housing officials launched a probe Tuesday targeting 15 lenders approved to do business with the Federal Housing Administration that have unusually high default rates among their FHA-backed loans."

NY Times: "Bankers Walking a Fine Line at Hearing ... The bipartisan commission established by Congress to examine the causes of the financial crisis summoned the heads of four large Wall Street banks on Wednesday to defend their lending, risk management and pay practices and explain their companies' role in the biggest economic downturn since the Depression."

NY Times: "For Bankers, Saying 'Sorry' Has Its Perils ... As America recovers from the worst financial crisis since the Depression, some of the nation's chief executives are offering that rarest of statements - an apology."

NY Times: "Wall St. Pay Is a Focus of Many in Washington ... Everyone in Washington is taking a swing at Wall Street pay."

NY Times: "Tax Them Both ... The White House is talking about levying a tax or fee on large banks to recover the \$120 billion it spent to bail out the financial system. That is a good place to start, but it shouldn't stop there."

NY Times: "Questions for the Big Bankers ... Today, the Financial Crisis Inquiry Commission, which Congress established last year to investigate the causes of the financial crisis, is scheduled to question the heads of four big banks - Lloyd Blankfein of Goldman Sachs, Jamie Dimon of JPMorgan Chase, John Mack of Morgan Stanley and Brian Moynihan of Bank of America."

LA Times: "Fed quietly posts record \$46.1-billion profit in 2009 ... The Federal Reserve reported a side benefit to its massive intervention into the financial system -- a record profit of \$46.1 billion last year on the central bank's investments."

USA Today: "AP source: Obama to announce bank fees Thursday ... President Barack Obama plans to announce a new fee Thursday on the country's biggest financial firms to recover up to \$120 billion in taxpayers' money used to prop up corporations during the economic crisis, a senior administration official said."

USA Today: "Fed posts record \$52B profit for 2009 with \$46B going to Treasury ... The Federal Reserve generated record profits last year, reflecting money made off its extraordinary efforts to rescue the country from the worst economic and financial crisis since the 1930s."

USA Today: "Fed adopts new rules to protect credit card users from sudden hikes ... The Federal Reserve on Tuesday issued sweeping new rules to better protect Americans from sudden hikes in interest rates on credit cards."

USA Today: "New York Fed to be subpoenaed for AIG bailout documents ... The Federal Reserve Bank of New York faces a congressional subpoena into bailout decisions made under the leadership of now-Treasury Secretary Timothy Geithner."

Bloomberg: "U.S. Bank Chiefs Call for Change While Defending Own Practices ... Leaders of four of the biggest U.S. banks will call for regulatory changes ranging from lower leverage to better consumer protection when they testify to the Financial Crisis Inquiry Commission today, according to texts of their planned remarks."

Bloomberg: "Obama to Announce Fee on 20 Banks to Recoup TARP (Update3) ... President Barack Obama will announce his intention to impose a fee on more than 20 of the country's largest banks and financial institutions to help recoup taxpayer bailout money and trim the federal budget deficit, an administration official said."

The Hill: "Panel subpoenas Fed for AIG records ... A key House panel will issue a subpoena to the Federal Reserve for documents about how taxpayer money was used to bail out American International Group."

Politico: "Dodd dodgy about reform deadline ... His announcement not to seek reelection not even a week old, Sen. Chris Dodd (D-Conn.) says he'd still like to get a financial reform bill ready for committee consideration by the end of the month."

